



JOHN ENGLER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GREGORY J. ROSINE
DIRECTOR

December 17, 2002

The Honorable Philip E. Hoffman, Chair
Appropriations Subcommittee on
Transportation
Michigan State Senate
P.O. Box 30036
Lansing, Michigan 48909

The Honorable Scott Shackleton, Chair
Appropriations Subcommittee on
Transportation
Michigan House of Representatives
P.O. Box 30014
Lansing, Michigan 48909

Dear Senator Hoffman and Representative Shackleton:

In accordance with Public Act 561 of 2001, Section 711, enclosed is the Michigan Department of Transportation's State Supported Rail Passenger Service Report.

If you have any questions or comments regarding these reports, feel free to contact me or Rob Abent, Bureau Director, Bureau of Multi Modal Transportation at (517) 373-2282.

Sincerely,

Signed original on file

Gregory J. Rosine
Director

MMB:RA:TH:je
Enclosure

cc: Members of House and Senate Appropriations Subcommittee
L. Hank
M. Frierson
T. Hoeffner
E. Timpf
L. Hostetler

State Supported Rail Passenger Services Report
December 15, 2002
As required by PA 561 Section 711 (3)

The purpose of this report is to provide a five year ridership and subsidy history on Michigan's Grand Rapids-Chicago(*Pere Marquette*) and Port Huron-Chicago(*International*) Amtrak services. This summary includes the Department's efforts to promote public awareness of these services and increase ridership and decrease the state operating subsidy.

The following is a ridership and operating subsidy summary for Fiscal Years (FY) 1998-2002:

Year	International		Pere Marquette	
	Ridership	Subsidy (1)	Ridership	Subsidy (1)
1998	114,732	1,300,000	64,503	750,000
1999	113,702	1,300,000	68,091	750,000
2000*	107,878	1,300,000	63,002	750,000
2001	104,674	3,500,537	57,995	2,200,020
2002	89,739	3,500,000	58,889	2,200,000

*An additional \$250,000 was contracted in FY2000 to market the Michigan Services in FY2001.

- (1) The subsidy for each service is prorated by *service miles* from the total subsidy provided to Amtrak, FY 2001 & 2002 are actual subsidy per train.
- (2) The FY 2002 *International* ridership was significantly impacted by delays associated with Canadian National track work.

The Department has worked with the local communities to develop four coalitions that represent the different levels of service and the various geographic areas served by Amtrak. Our goal is to meet quarterly with these coalitions, with the fourth meeting being a collective meeting of all four groups. There has been excellent response from the local community leaders related to these meetings. In June, the City of Dearborn hosted the first joint meeting. There was representation from each of the four geographic areas and many positive ideas and comments were shared. In September, a second round of the individual coalitions meetings were scheduled. Unfortunately, it was decided that three out of four of these meetings would be postponed until the new calendar year. The coalition representing Southeast Michigan did convene at this time. This meeting was held in Washtenaw County and attracted individuals from several communities along the route.

In July 2002, Amtrak submitted a FY 2003 operating subsidy request of \$7.9 million to the department. This was \$2.2 million over the legislative cap of \$5.7 million in the department's FY 2003 appropriations. This request included a \$800,000 option of savings, if the department would allow Amtrak to unstaff the East Lansing, Flint and Port Huron stations and implement a cart food service on the *Pere Marquette*. The department has been in discussions with Amtrak on the cart food service for most of FY 2002. We agreed to the cart food service and the station unstaffing. This reduced Amtrak's operating subsidy request for FY 2003 to \$7.1 million. This reduction still leaves the request at \$1.4 million above the legislative cap.

After intensive negotiations between the Department and Amtrak, Amtrak agreed to a 6 month contract for \$2.85 million, or half of the \$5.7 million allowed in the appropriation legislation. These negotiations call for Amtrak to meet with the house and senate leadership in the next 6 months to discuss why the \$5.7 million legislative cap should be removed.

In October 2002, Amtrak held a meeting with the midwest states to discuss their plans to fund Amtrak operations in the future. This plan calls for all non-long-distance train operating losses to be subsidized 100 percent by the states, with the long-distance services to be subsidized by the federal government. Also, this plan included having the federal government operating subsidy cover the cost of Amtrak's overhead for all trains.

Since Amtrak long-distance service does not exist in Michigan, this proposal suggests that there would be no Amtrak service in Michigan unless it was subsidized by Michigan. It appears Amtrak's subsidy request for the *Pere Marquette* and *International* would increase approximately by ten percent. But the big impact would be Amtrak requiring Michigan to provide an operating subsidy for the *Pontiac-Detroit-Chicago Corridor*. This subsidy would be in the magnitude of \$20 million per year. This would increase Amtrak's annual operating subsidy request to between \$25 and 30 million. Amtrak did not reveal a time frame for implementing this plan, but based on subsequent information, Amtrak may start requesting a subsidy for the *Pontiac-Detroit-Chicago Corridor* as soon as October 2003.

All of these plans are subject to change based on the federal reauthorization of Amtrak which should occur during the next fiscal year. As additional information becomes available we will provide you updates.

C. Thiel, Senate Fiscal Agency
W. Hamilton, House Fiscal Agency